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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2019/2020

### **PBF0014 – INTRODUCTION TO PERSONAL FINANCE** (Foundation in Business)

25 OCTOBER 2019  
3.00pm – 5.00pm  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of **THREE** pages with **FIVE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

**ESSAYS [100 MARKS]**

**Instructions:** Answer **ALL** questions. Write your answers in the Answer Booklet.

**QUESTION 1**

- (a) List **TWO** important reasons for keeping accurate financial records. (4 marks)

- (b) State the equation of net worth. Based on the following information, calculate the total assets, total liabilities, and net worth.

Items	Amount (RM)
Liquid assets	5,670
Investment assets	27,910
Current liabilities	3,670
Household assets	93,780
Long-term liabilities	77,230

(8 marks)

- (c) State **ONE** main purpose of using financial ratio. Based on the following information, calculate the ratios requested:

Items	Amount (RM)
Total liabilities	25,000
Current liabilities	2,000
Monetary assets	4,000
Income available for living expenditures	5,400
Total assets	50,000
Income available for savings and investment	648

- (i) Debt ratio  
(ii) Current ratio  
(iii) Savings ratio

(8 marks)

**(Total 20 marks)**

**QUESTION 2**

- (a) There are four decisions to decide when taking up a consumer loan. Briefly explain the following decisions:
- (i) Single-payment versus installment loans (4 marks)
  - (ii) Secured versus unsecured loans (4 marks)
  - (iii) Variable-rate versus fixed-rate loans (4 marks)
  - (iv) Shorter versus longer term loans (4 marks)

**Continued...**

- (b) List **FOUR** disadvantages associated with credit card. (4 marks)  
(Total 20 marks)

### QUESTION 3

- (a) The excitement of owning a new car is overwhelming. However, you are encouraged to get a fair price before you make your purchase. Describe **FOUR** ways that allow you to get a fair price from car dealer. (8 marks)
- (b) Given the size of the investment you invest in a vehicle, it is important to maintain your purchase. List any **THREE** ways to maintain your purchase of a vehicle. (3 marks)
- (c) As you start the home-buying process, you need to consider how much you could afford to spend. List and explain **THREE** types of cost incur when buying a house. (9 marks)  
(Total 20 marks)

### QUESTION 4

- (a) The high and rising costs of health care are attributable to many factors. In your opinion, describe **TWO** factors of rising health care expenditures. (4 marks)
- (b) State **SIX** major provisions of a health insurance policy. (6 marks)
- (c) You have heard the old saying "Don't put all your eggs in one basket." Based on this statement, what investment concept can describe it and explain why this concept is important when it comes to make wise investments. (4 marks)
- (d) "Despite extensive coverage in media, many people still fall victim to financial scam." Based on this statement, define financial scam and list **FOUR** types of financial scam which can be found in Malaysia. (6 marks)  
(Total 20 marks)

### QUESTION 5

- (a) What is the first step in funding your retirement needs? Explain in detail. (6 marks)
- (b) Estate planning is planning for what happens to your wealth and your dependents after you die. List the **FOUR** basic steps of estate planning process. (4 marks)
- (c) Divorce is a life event that usually leads to reduce income and increase burden of expenses that were formally shared. If you have to experience this life event, what are the **FIVE** basic steps you can take to lessen its financial impact? (5 marks)

Continued...

- (d) Name an agency set up by Bank Negara Malaysia to help individuals take control of their financial situation and give **THREE** main services provided by the agency.

(5 marks)

(Total 20 marks)

**End of Paper.**